

AMENDED IN ASSEMBLY APRIL 25, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2208**

**Introduced by Assembly Member Frusetta**  
**(Coauthors: Assembly Members *Alquist*, *Campbell*, *Cedillo*,**  
**Robert Pacheco, Pescetti, and Zettel)**  
**(Coauthor: Senator Costa)**

February 24, 2000

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An act to add and repeal Sections 17053.56 and 23656 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2208, as amended, Frusetta. Income and bank and corporation taxes: preventive health care credit: agricultural workers.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would, in accordance with certain definitions, authorize a credit against those taxes for each taxable and income year beginning on or after January 1, 2001, and before January 1, 2007, in an amount equal to 25% of the qualified expenses, as defined, paid or incurred by a taxpayer during the taxable or income year, not to exceed \$50,000 per taxable or income year, for preventive health care, a health plan, or preventive care insurance provided to the taxpayer's employees who are farmworkers and who meet specified

criteria. This bill would require the Franchise Tax Board to make a report to the Legislature with respect to the credits, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. This act shall be known and may be cited  
2 as the California Farmworker Health Care Protection Act  
3 of 2000.

4 SEC. 2. Section 17053.56 is added to the Revenue and  
5 Taxation Code, to read:

6 17053.56. (a) For each taxable year beginning on or  
7 after January 1, 2001, and before January 1, 2007, there  
8 shall be allowed as a credit against the “net tax,” as  
9 defined in Section 17039, an amount equal to 25 percent  
10 of the qualified expenses paid or incurred by a taxpayer  
11 during the taxable year for preventive health care, a  
12 health plan, or preventive care insurance provided to the  
13 taxpayer’s employees who are qualified farmworkers.

14 (b) For purposes of this section:

15 (1) “Health care provider” means any person licensed  
16 pursuant to Division 2 (commencing with Section 500) of  
17 the Business and Professions Code or a clinic or health  
18 facility licensed pursuant to Division 2 (commencing  
19 with Section 1200) of the Health and Safety Code.

20 (2) “Preventive health care” includes periodic health  
21 evaluations, immunizations, and medical services  
22 necessary and appropriate to treat and prevent the  
23 spread of a contagious disease.

24 (3) “Qualified expenses” means amounts paid or  
25 incurred for services provided by, or medicines or  
26 medical items that are prescribed or dispensed by, a  
27 health care provider. “Qualified expenses” also means  
28 amounts paid or incurred for providing a health plan or  
29 preventive care insurance.

30 (4) “Qualified farmworker” means an individual who  
31 is all of the following:



1 (A) An “agricultural employee,” as defined in  
2 subdivision (b) of Section 1140.4 of the Labor Code.

3 (B) An individual who, at the time qualified expenses  
4 are paid or incurred on his or her behalf, is not receiving  
5 health care services that are publicly funded, in whole or  
6 in part, as verified by the appropriate county office of  
7 health services on request of the taxpayer seeking credit  
8 for those expenses.

9 (C) A resident of this state as defined in Section 17014.

10 (D) An employee of the taxpayer all of whose services  
11 for the taxpayer are provided in this state.

12 (c) The maximum credit that may be claimed by any  
13 taxpayer under subdivision (a) shall not exceed fifty  
14 thousand dollars (\$50,000) in any taxable year. In the case  
15 where the credit exceeds the fifty thousand dollar  
16 (\$50,000) limit, the excess may be carried forward and  
17 applied against the “net tax,” as provided in subdivision  
18 (e).

19 (d) No credit or deduction shall be allowed under  
20 other provisions of this part for qualified expenses for  
21 which a credit is allowed under this section.

22 (e) In the case where the credit allowed by this section  
23 exceeds the “net tax,” or exceeds the fifty thousand dollar  
24 (\$50,000) limit specified in subdivision (c), the excess  
25 may be carried over to reduce the “net tax” in the  
26 following year, and the seven succeeding years if  
27 necessary, until the credit is exhausted.

28 (f) This section shall remain in effect only until  
29 December 1, 2007, and as of that date is repealed.  
30 However, any unused credit may continue to be carried  
31 forward, as provided in subdivision (e), until the credit is  
32 exhausted.

33 SEC. 3. Section 23656 is added to the Revenue and  
34 Taxation Code, to read:

35 23656. (a) For each income year beginning on or  
36 after January 1, 2001, and before January 1, 2007, there  
37 shall be allowed as a credit against the “tax,” as defined  
38 in Section 23036, an amount equal to 25 percent of the  
39 qualified expenses paid or incurred by a taxpayer during  
40 the income year for preventive health care, a health plan,

1 or preventive care insurance provided to the taxpayer's  
2 employees who are qualified farmworkers.

3 (b) For purposes of this section:

4 (1) "Health care provider" means any person licensed  
5 pursuant to Division 2 (commencing with Section 500) of  
6 the Business and Professions Code or a clinic or health  
7 facility licensed pursuant to Division 2 (commencing  
8 with Section 1200) of the Health and Safety Code.

9 (2) "Preventive health care" includes periodic health  
10 evaluations, immunizations, and medical services  
11 necessary and appropriate to treat and prevent the  
12 spread of a contagious disease.

13 (3) "Qualified expenses" means amounts paid or  
14 incurred for services provided by, or medicines or  
15 medical items that are prescribed or dispensed by, a  
16 health care provider. "Qualified expenses" also means  
17 amounts paid or incurred for providing a health plan or  
18 preventive care insurance.

19 (4) "Qualified farmworker" means an individual who  
20 is all of the following:

21 (A) An "agricultural employee," as defined in  
22 subdivision (b) of Section 1140.4 of the Labor Code.

23 (B) An individual who, at the time qualified expenses  
24 are paid or incurred on his or her behalf, is not receiving  
25 health care services that are publicly funded, in whole or  
26 in part, as verified by the appropriate county office of  
27 health services on request of the taxpayer seeking credit  
28 for those expenses.

29 (C) A resident of this state as defined in Section 17014.

30 (D) An employee of the taxpayer all of whose services  
31 for the taxpayer are provided in this state.

32 (c) The maximum credit that may be claimed by any  
33 taxpayer under subdivision (a) shall not exceed fifty  
34 thousand dollars (\$50,000) in any income year. In the case  
35 where the credit exceeds the fifty thousand dollar  
36 (\$50,000) limit, the excess may be carried forward and  
37 applied against the "net tax," as provided in subdivision  
38 (e).

1 (d) No credit or deduction shall be allowed under  
2 other provisions of this part for qualified expenses for  
3 which a credit is allowed under this section.

4 (e) In the case where the credit allowed by this section  
5 exceeds the “tax,” or exceeds the fifty thousand dollar  
6 (\$50,000) limit specified in subdivision (c), the excess  
7 may be carried over to reduce the “tax” in the following  
8 year, and the seven succeeding years if necessary, until  
9 the credit is exhausted.

10 (f) This section shall remain in effect only until  
11 December 1, 2007, and as of that date is repealed.  
12 However, any unused credit may continue to be carried  
13 forward, as provided in subdivision (e), until the credit is  
14 exhausted.

15 SEC. 4. The Franchise Tax Board shall report to the  
16 Legislature by ~~January 1, 2006~~ *December 1, 2005*, on the  
17 number and dollar value of the credits claimed pursuant  
18 to Sections 17053.56 and 23656 of the Revenue and  
19 Taxation Code.

20 SEC. 5. This act provides for a tax levy within the  
21 meaning of Article IV of the Constitution and shall go into  
22 immediate effect.

